

Kentucky Agricultural Finance Corporation

Minutes of the May 9, 2008 Meeting

The meeting of the Kentucky Agricultural Finance Corporation Board was held on Friday, May 9, 2008 at 10:00 a.m. EDT at the Transportation Cabinet Building, Room C107, in Frankfort, Kentucky. Bruce Harper, presiding, called the meeting to order. Mr. Harper then asked the Board Secretary to call the roll.

Notification of Press

Mr. Harper received verification that the media had been notified regarding the Kentucky Agricultural Finance Corporation (KAFC) monthly meeting.

Roll Call

Members Present

Commissioner Farmer (Bruce Harper, designee), Wayne Hunt, Larry Jagers, Secretary Jonathan Miller (proxy Tom Midkiff), Charles Miller, Frank Penn, James Reams, Annette Crawford-Walters

Members Absent

Bob Gaslin, Doug Lawson, Billy Joe Miles, Bob Proffitt

Others Present

Staff –Roger Thomas, Angela Blank, Sandra Gardner, Cyndi Hall, Tim Hughes, Bill McCloskey, Tracey Mulder, Joel Neaveill

Guests –William Furnish, Furnish Farms; Clayton and Sara Rogers, Rogers Farms; Andy Bishop, Farm Credit Services; Michael Duckworth, Citizens Commerce National Bank; Mark Dykes, First & Farmers National Bank; Barney Janes, Big Creek Poultry; Bonnie Wathen, Rick Maurer and Craig Infanger, University of Kentucky

Review and Approval of Minutes

Wayne Hunt moved to approve the March 21, 2008 minutes with the correction of the spelling of Billy Joe Miles. Charles Miller seconded the motion. The motion passed without dissent.

Executive Director's Report

Roger Thomas welcomed everyone to the Kentucky Agricultural Finance Corporation (KAFC) Board Meeting.

Mr. Thomas gave a brief overview of the budget. It was a tough session for Kentucky agriculture but the Governor's Office of Agricultural Policy (GOAP) will be able to continue making sound investments over the next two years. Of

concern for GOAP and KAFC is the possibility of budget reductions later in the year.

Mr. Thomas commended Angela Blank, Director of Communications, for the new KAFC brochures. The enhanced promotion of KAFC will create more interest in the loan programs and enable the Kentucky Agricultural Development Board (KADB) to perpetuate its impact. The transfer of Kentucky Agriculture Development Funds to the general budget was very concerning.

Mr. Thomas thanked the GOAP staff, Commissioner Farmer and the Kentucky Department of Agriculture (KDA) for its hard work on behalf of agriculture.

Mr. Thomas stated that KAFC is still pursuing the Large Animal Veterinarian Loan Program. We plan to discuss this issue at the July joint Board meeting.

Mr. Thomas turned the meeting over to Joel Neaveill, Chief of Staff. Mr. Neaveill reviewed the Kentucky Agriculture Relief Effort (K.A.R.E.) document which was handed out at the meeting (on file with the Board Secretary). To date, there are 57 applicants and over half of the monies committed. All County Extension Offices and County Council Members have information regarding the K.A.R.E. Program.

Mr. Neaveill reviewed the Budget in detail.

Director of Financial Services Report

Mr. Harper called on Bill McCloskey to give a report on KAFC. Mr. McCloskey introduced Sandra Gardner, Special Projects Coordinator, who has returned to the GOAP office. She has considerable expertise in data base management. She will be involved in developing a KAFC data base of lenders across the state to aid in the promotion of KAFC.

Mr. McCloskey gave a report on the financial position of KAFC. Reports were included in the Board Book (on file with the Board Secretary). Mr. McCloskey reviewed the status of KAFC funds and loan activity.

Mr. McCloskey made note of the Agricultural Infrastructure Loan balance.

Annette Walters requested a break down of what has been paid back and what is due. Mr. McCloskey stated that this was something that Ms. Gardner will be working on.

Mr. McCloskey reported on the meetings he has attended to promote the KAFC loan programs. Those included: five Farm Service Agency lender meetings across the state; a meeting with Community Trust Bank (operations in Northern and Eastern Kentucky) loan officers at their monthly meeting in Lexington; and a visit with a loan officer in the Owenton Stock Yards.

Mr. McCloskey took the request for the changes approved by the KAFC Board concerning the off-farm income restriction within the Beginning Farmer Loan Program to the KADB and it was approved.

Mr. Neaveill reported on the evaluation that University of Kentucky is making. The staff of the evaluation team is beginning to review KAFC. Mr. McCloskey introduced Dr. Craig Infanger, Dr. Rick Mauer, and Bonnie Wathen.

New Business

Agricultural Infrastructure Loan Program - Discussion and Action

AF08-0024 Clark, Kevin and Charlotte A. – Applicants request \$162,500 for the construction of grain bins in Hardin County. South Central Bank of Hardin County is the participating lender. Staff recommends loan approval. **Mr. Hunt moved to approve the staff recommendation. Frank Penn seconded the motion. The motion passed without dissent.**

AF08-0025 Walden, Larry and Nancy – Applicants request \$75,000 for the construction of a tobacco barn in Barren County. PBI Bank is the participating lender. Staff recommends loan approval contingent upon the appraised value reflecting a Combined Loan-to-Value (CLTV) of no worse than 90%. **Mr. Miller moved to approve the staff recommendation. James Reams seconded the motion. The motion passed without dissent.**

AF08-0026 May, James L. and Mary C. – Applicants request \$42,148 for farm improvements to implement a grazing program in Lincoln County. Central Kentucky ACA is the participating lender. **The loan was approved by Staff (May 2, 2008) based upon loan size and credit score per Agriculture Infrastructure Loan Program policy modifications adopted June 24, 2005.**

AF08-0028 Feezor, Normand – Applicant requests \$31,575 for the construction of two tobacco barns in Graves County. FNB Bank, Inc. is the participating lender. Staff recommends loan approval. **The loan was approved by Staff (April 25, 2008) based upon loan size and credit score per Agriculture Infrastructure Loan Program policy modifications adopted June 24, 2005.**

AF08-0029 Feezor, Marvin and Lisa – Applicants request \$150,000 for the construction of eight (8) tobacco barns and a bunkhouse for migrant labor in Graves County. Regions Bank is the participating lender. Staff recommends loan approval contingent upon the appraised value reflecting a CLTV of no worse than 80%. **Mr. Hunt moved to approve the staff recommendation subject to Mr. McCloskey's discussion with the bank regarding collateral. Larry Jagers seconded the motion. The motion passed without dissent.**

AF08-0033 Sidebottom, Jim and P. Stacy – Applicants request \$100,000 for the construction of a free stall barn and upgrades to their milking equipment in

Green County. Forcht Bank is the participating lender. Staff recommends loan approval. **Mr. Penn moved to approve the staff recommendation. Ms. Walters seconded the motion. The motion passed without dissent.**

AF08-0035 Eads, III, Robert G. – Applicant requests \$17,500 for the construction of a 60' x 100' pole barn to be used for supply storage, maintenance of farm equipment, and hay storage in Fayette County. Central Kentucky ACA is the participating lender. Staff recommends loan approval. **Mr. Miller moved to approve the staff recommendation. Mr. Hunt seconded the motion. The motion passed without dissent.**

AF08-0037 Sisk, Joseph and Lisa – Applicants request \$140,000 for the construction of a 170,000 bushel grain bin in Christian County. Planters Bank is the participating lender. Staff recommends loan approval. **Mr. Penn moved to approve the staff recommendation. Mr. Hunt seconded the motion. The motion passed without dissent.**

Beginning Farmer Loan Program – Discussion and Action

AF08-0027 Stedelin, Brian T. – Pending

AF08-0030 Jury, R. Jeremy and Randi – Applicants requests \$27,000 for the purchase of a 2008 6430 John Deere tractor with loader in Nelson County. Farm Credit Services of Mid-America is the participating lender. Staff recommends loan approval. **Mr. Reams moved to approve the staff recommendation. Mr. Miller seconded the motion. The motion passed without dissent.**

AF08-0031 Rogers, Clayton and Sara – Applicants request \$207,905 for purchase of a 260 acre farm in Spencer County. Farm Credit Services of Mid-America is the participating lender. Staff recommends loan approval. **Ms. Walters moved to approve the staff recommendation. Mr. Jagers seconded the motion. The motion passed without dissent.**

AF08-0032 Janes, Barney and Doris – Applicants request \$55,000 for improvements to four (4) poultry buildings, including replacing sidewall curtains with insulation and metal, adding a 52' fan, and installing Pelco pellet stove in Adair County. First and Farmers National Bank is the participating lender. Staff recommends loan approval. **Mr. Hunt moved to approve the staff recommendation. Mr. Reams seconded the motion. The motion passed without dissent.**

AF08-0034 Johnson, Alva and Ashley – Applicants request \$75,000 for the purchase of an 80.33 acre farm in Christian County. Planters Bank is the participating lender. Staff recommends loan approval contingent upon appraised value reflecting a CLTV of no worse than 100%. **Mr. Hunt moved to approve the staff recommendation. Mr. Miller seconded the motion. The motion passed without dissent.**

AF08-0036 Furnish, William David and Sandra – Applicants request \$121,250 for the purchase of 81.38 acre farm in Harrison County. Farm Credit Services of Mid-America is the participating lender. Staff recommends loan approval. **Mr. Jagers moved to approve the staff recommendation. Mr. Penn seconded the motion. The motion passed without dissent.**

Old Business

Beginning Farmer Loan Program - Discussion and Action

AF07-0108 Caulier-Eimbeke, Beatrice – Staff recommends to approve the KAFC participation of \$250,000 on an equine operation in Mercer County. This approval will retire KAFC loan AF07-0094 which was approved on October 5, 2007. Citizens Commerce National Bank is the participating lender. **Mr. Penn moved to approve the staff recommendation contingent on KAFC financing being subordinate to the banks financing of no more than \$490,000. Tom Midkiff seconded the motion. The motion passed without dissent.**

Other Business

The next meeting of the KAFC Board will be July 17 and 18, 2008 at Kentucky Dam Village. This will be a joint meeting of KADB and KAFC.

Closing Remarks

The meeting adjourned at 12:00 p.m. EDT.

APPROVED: _____

PRESIDING OFFICER: _____

SECRETARY: _____